



Health and Welfare

A flexible benefit program is available for salaried and nonunion, hourly employees. Under this program, employees can choose the benefits that fit their specific needs.

The flexible benefits program includes:

- Three medical plans, each of which includes a prescription drug plan (and an HMO option, if available in your area)
- Two dental plans (plus a DHMO option, if available in your area)
- A vision plan
- Extra levels of life insurance coverage that employees may buy to add to their basic insurance
- A dependent child care spending account
- A health care spending account

Benefit plans for union employees are also available but vary by contract and region. For more information on any of the Company's benefits programs, contact Human Resources.

Long-term Disability Insurance

If you are a salaried or hourly management employee, you may choose from two coverage options:

- 65% of your eligible compensation
- or
- 50% of your eligible compensation

This insurance provides you with income protection if you become disabled from a covered illness or injury. To become insured you must be an eligible employee, apply for insurance and meet the active work requirement. If you fail to enroll during the 31-day period after you become eligible, you must wait until the next annual open enrollment to apply for this coverage.

For plan details and eligibility requirements, contact Human Resources.

Employee Assistance Program

Fred Meyer recognizes that a wide range of problems, such as marital or family distress, alcoholism and drug abuse, although not directly associated with an individual's job function, can be detrimental to performance on the job. We believe it is in the best interest of employees and the Company to provide a program to assist employees and their families in resolving these types of problems.

To meet this objective, our Employee Assistance Program (EAP), available to all nonunion employees, provides referrals to local community treatment sources. Up to five visits per problem, per year are free; others are based upon the employee's benefit package or ability to pay.

Participation in the EAP does not excuse employees from complying with normal Company policies or from meeting normal job requirements during or after receiving EAP assistance. Participation in the EAP does not prevent Fred Meyer from taking disciplinary action against any employee for performance problems that occur before or after the employee seeks assistance through the EAP.

Union employees should contact their union representative or their health and welfare administrative office for information about available assistance covered by their collective bargaining agreements.

Retirement

Many union employees have retirement benefits that are negotiated between their unions and Fred Meyer. Employees covered by such labor agreements should refer to those agreements, the pension plan office and/or contact their union representatives in order to obtain more details about the retirement benefits that may be available to them.

The Fred Meyer Retirement Program is offered to eligible, nonunion hourly and salaried employees. The program consists of two parts; the 401(k) Savings Plan and the Cash Balance Retirement Plan. Through the 401(k) Savings Plan, employees may contribute up to 20% of their pre-tax pay through payroll deductions. The plan matches 10% of contributions of Kroger stock.

Under the Cash Balance Retirement Plan, the

Company makes a regular contribution to the plan to fund your benefit. Each quarter the plan shows a pay credit for your account based on 5% of your compensation. Interest is credited quarterly to your account. This plan has a five-year vesting schedule.

For more information about eligibility or enrollment, ask your supervisor or call Retirement Benefits in Human Resources.



Employee Discounts

Store discounts

Fred Meyer provides employees and their immediate family members discount privileges when shopping for store merchandise. The employee discount is 10% off the selling price of eligible merchandise from home, apparel, jewelry, home electronics, pharmacy, and nutrition departments. This includes sale and clearance merchandise.

For the purposes of this policy, "immediate family member" is defined as a spouse, dependent children and co-dependent household members.

As a new-hire employee, you are eligible for discount privileges upon receipt of your first paycheck. Before receiving your first check, you are eligible for employee discounts on selected items. Ask your supervisor or Store Director for specific information.

When you receive your first paycheck, your employee discount card will be attached to your pay stub, and you will be eligible to receive the employee discount. New cards are issued with each subsequent paycheck.

For identification purposes, you should sign the front of your discount card each week. You and your family members must present a signed card to the cashier at the time of purchase to receive the employee discount. If you do not have your card at the time of purchase, you will not be reimbursed for the employee discount even if you return later with the receipt.

The following are some frequently asked employee discount questions and answers:

Q: Does my employee discount apply to Fred Meyer sale or clearance merchandise?

A: Yes. Your discount applies to all eligible merchandise at regular, sale or clearance prices.

Q: Am I eligible for a discount before I receive my first check?

A: Yes. You are eligible for an employee discount on selected items by using the New-Hire Employee Discount Coupon. Please see your supervisor for details.

Q: Can I use my discount card if the date has expired?

A: No. You must have a card with a current date. If you have lost your card, see your supervisor for a temporary card.

Q: If I forgot my card, can I be reimbursed the discount amount later?

A: No. You must have your discount card at the time of the purchase to receive your discount.

Q: Can I let a family member that does not live with me use my card?

A: No. The discount is intended for the employee and dependent family members' purchases only.

Q: If I find an item priced less at a competitor and the manager matches the competitor's price, can I use my employee discount too?

A: No. In competitor price matching situations, you may take either the competitor's price or your employee discount, but not both.

Q: Can I use my discount on merchandise that has been price matched to another Fred Meyer store?

A: Yes. You may use your employee discount when the merchandise price has been lowered to match the price at another Fred Meyer store within your local community.

Q: Can I use my employee discount to purchase items, other than gifts, for my friends, a church or other organizations I belong to?
 A: No. Your employee discount is intended for you or your immediate family member purchases only.

When you return merchandise, you and your family members are obligated to identify yourselves and let the store employee know if the returned merchandise was purchased with an employee discount card.



Special discount days

Periodically, special discount days are extended to employees, such as the double discount days before the holidays. Unless otherwise stated:

- The special discount is valid only on the specific day(s).
- Prior purchases are not eligible for adjustments. Merchandise must be purchased on the day specified.
- All layaways are excluded. Employees may not establish new layaways nor make adjustments to existing layaways on special discount days.

Child care discount

As a Fred Meyer employee, you receive a discount on child care at any of the many Kidz Care Learning Centers. The amount of discount depends on the age of your child. Contact Human Resources for more information.

Employee Stock Purchase Plan

Ownership has its rewards and it's easy! The Employee Stock Purchase Plan (ESPP) is an easy way for you to become a shareholder. The ESPP allows employees to purchase Company stock through regular, convenient payroll deductions at no cost to you. Check with your supervisor or contact Human Resources for a brochure and an enrollment form. Some of the plan features include:

No fees

You pay no annual account fees or commissions related to purchasing or selling the stock—these fees are paid for you. If you sell more than two times during a calendar year, you pay a \$10 service fee for each sale after the first two.

Convenient

You may start by completing the simple enrollment form for automatic payroll deduction. Eligible employees may enter or exit the plan at any time.

Affordable

You can become an owner in your Company for as little as \$3 per week (the minimum amount allowed).

Fractional shares of stock

Every dollar you contribute is invested right away. If your contribution is less than the price of a whole share, your remaining funds will be used to buy a fractional share. All your money is working for you all the time.

Automated Voice Response Unit

Voice-response system gives you access to the plan, specific information about your account, and allows you to check the price of or sell your stock.

Service Awards

Because Fred Meyer recognizes that employees are the key reason for our success, we present all employees with service awards for every five years of service.

The goal of these service awards is to:

- let employees know that Fred Meyer cares about them,
- recognize and reward employee commitment and
- show employees the appreciation they deserve, because they are the number one factor in the Company's success.

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Walt Disney's Magic Kingdom Club®

As a Fred Meyer employee, you are eligible for a variety of vacation discount packages. Special offers, savings and discounts on selected merchandise, tickets, rooms and more are available to you when you enroll in Walt Disney's Magic Kingdom Club®. Enroll by either:

- contacting Human Resources at least six weeks before your travel plans. (Coupons for a variety of theme parks will be included in your packet.)

or

- enrolling online at disneysampler.com.

Enrollment fees may be required by the package provider to obtain the discount membership.

Purchasing Products Not Stocked by Fred Meyer

As an employee, you may purchase products not carried in our stores at our cost plus a 15% fee for handling. The handling fee is a \$10 minimum for items under \$100 and a maximum of \$300 for purchases over \$3000. If the retail cost of the item is less than cost plus 15%, you may purchase the item at the normal retail price. All purchases must be paid in full prior to the Company buyer ordering the product.

In order to purchase products using this benefit, the item cannot be identical or comparable to items carried in any Fred Meyer store or on the special order merchandise list. Comparable merchandise includes items which are available in the marketplace but which we may not carry, such as a certain type of watch. Items unique in style may not be comparable if the style is materially different than regularly handled merchandise, such as carpet. Comparability issues are decided on a case-by-case basis by the merchandiser.

If you are interested in purchasing a product not stocked by Fred Meyer, contact the appropriate buyer in the main office who will make the necessary arrangements with the vendor.

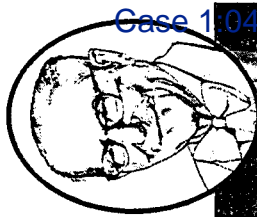
Exhibit 16

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Chapter 6

"Adapt others' ideas, don't adopt. What works for others may not work for us. Find and keep the best parts, disregard the rest."

—Fred G. Meyer



Employee Absences from Work

- Holidays
- Vacation
- Personal Leave of Absence
- Jury and Witness Duty
- Funeral Leave
- Family and Medical Leave

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Holidays

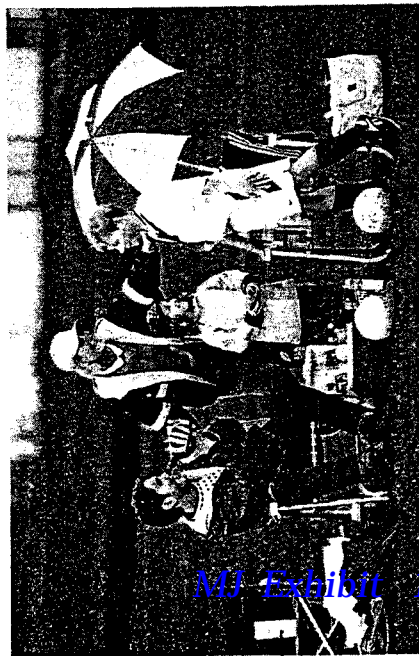
As a Fred Meyer employee, you may qualify for certain paid holidays. The number of holidays and dates vary depending on the nature of your job, location, and state of employment. To find out which holidays you are eligible for, ask your supervisor, or if covered by a labor agreement, check that as well.

Vacations

Because Fred Meyer recognizes the importance of vacation time in providing the opportunity for rest, recreation and personal activities, the Company grants annual, paid vacations to employees.

The amount of vacation to which you are entitled depends on:

- Whether you have completed the minimum hours necessary to meet eligibility requirements
- Whether you are salaried or hourly
- Your length of service
- The number of hours worked during your previous anniversary year
- Your labor agreement (if applicable)



The vacation year is defined as the 12-month period starting with your date of hire. If you are a newly hired employee, you may take your first year's vacation after completing 12 months of employment and working the minimum number of hours to qualify for the vacation benefit.

Check with your supervisor about

vacation scheduling. Your supervisor will try to schedule your vacation time when you choose, but the timing will depend on your job, the number of hours worked and the seasonal needs of your department.

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Personal Leave of Absence

Fred Meyer recognizes that there are certain times when employees may need a personal leave of absence, typically due to family or personal emergencies not covered under the Family and Medical Leave Act. Employees are required to use accrued vacation or personal days prior to requesting a personal leave of absence. Personal leave does not include time off for the summer or holidays.

To be considered for approval, an employee must have worked with the Company for at least one year, and a personal leave must be for 15 or more days and not longer than six months. All personal leaves are unpaid and you are responsible for any premiums required to continue group health insurance.

You must submit a request for a personal leave as soon as reasonably possible. All requested leaves are subject to the needs of the business and manager discretion. You must return to work from your leave on the prescribed return date or be subject to termination.

Jury and Witness Duty

Fred Meyer encourages employees to perform their civic duty by serving as jurors or witnesses when summoned. Therefore, eligible Fred Meyer employees will be granted leave for both jury and witness duty.

You will be compensated at your regular rate of pay for jury duty service. You will also be paid your regular base rate of pay if summoned to appear in court as a witness for a Fred Meyer case. Remuneration is automatically deducted from payroll checks. If you are summoned to appear in court as a witnesses for cases not related to Fred Meyer, you will be granted an unpaid leave of absence for a reasonable duration.

Postponing jury duty

Under normal conditions, Fred Meyer will not attempt to have an employee's service on a jury postponed; however, if the service comes during a critical time for the Company and the employee cannot be spared, the employee's supervisor should submit a note to the Vice President of Compensation and Benefits. If approved, Human Resources will send a letter to the court explaining the need to postpone service.

Funeral Leave

It is Fred Meyer's policy to ensure compassionate assistance to employees who experience a death of an immediate family member by providing time off for the purpose of attending the funeral and/or assisting with arrangements.

For more information on funeral leave eligibility, ask your supervisor.

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Family and Medical Leave

An unpaid leave of absence for up to 12 weeks is provided to eligible employees for certain family or medical reasons. Employees eligible for leave of absence under the Act must have worked for the Company for 12 months or more and have at least 1,250 hours of service during the 12 months immediately preceding the leave of absence.

Employees may request Family and Medical Leave (FMLA) for:

- The addition of a child to the family through birth, adoption or placement by foster care
- A serious health condition of the employee's spouse, child or parent
- A serious health condition that prevents an employee from performing his or her job

In all instances, except an employee's own serious health condition, employees will be required to use accrued personal holiday and paid vacation first. If the accruals are less than 12 weeks, the employee may take the rest as unpaid leave or use accrued sick leave, in which case any required waiting periods will apply. In case of an employee's own serious health condition, accrued sick leave will be applied first, then personal holiday and paid vacation may be used. Leave granted under state workers' compensation laws which meets the FMLA coverage definition will be counted toward FMLA leave.

A husband and wife who both work for the Company have a combined 12 weeks total leave in a 12-month period for the birth of a child, placement from an adoption or foster care facility, or for the care of a sick parent.

Employees are required to give the Company 30 days notice of the need for leave when it is foreseeable. An employee must make a reasonable effort to schedule treatment for serious health conditions in a manner that does not unduly disrupt business operations.

The Company will require a medical certification of serious health conditions. The employee will be required to provide the certification in a timely manner. The Company will require returning employees to provide a certification of fitness to return to work.

If the leave is sought on an intermittent or reduced schedule basis, it must be approved by the Company unless medically necessary, in which case the medical certification must contain additional declarations stating this kind of leave is medically necessary and the amount of time that intermittent or reduced schedule leave will be needed. If such leave is foreseeable, employees may be temporarily transferred to available alternative positions that better accommodate recurring leave.

Generally, employees returning from leave will be restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms. Key employees can be denied restoration from leave if it would cause grievous economic harm to the Company.

Employees are entitled to continue health benefits on the same terms and conditions as active employees. The Company will recover premiums paid on behalf of an employee who does not return to work.

More advantageous state laws or the Pregnancy Discrimination Act may apply. Any leave granted which meets the FMLA coverage definition will be counted toward FMLA leave. Contact your Store Director, Manager, or Human Resources for applications and/or specific details.

Chapter 1

"Think like today's Customer. What the Customer needed and wanted yesterday may not be what they need and want today. Stop, look and listen to what the Customer is feeling, doing, saying. Anticipate where they will be tomorrow."

—Fred G. Meyer



Rules We Live By

- Equal Employment Opportunities (EEO)
- Code of Ethics
- Sexual Harassment
- Alcohol and Drug Use
- Complaint Resolution
- Dress and Appearance
- Smoking
- Time and Attendance
- Telephone Etiquette
- Personal Telephone Calls
- Employee Solicitations
- Personal Weapons
- Loss Prevention

Equal Employment Opportunities

Fred Meyer is an equal opportunity employer. We hire and promote our employees without regard to race, religion, color, sex, sexual orientation, disability, age or national origin. In addition, Fred Meyer complies with applicable federal, state and local laws governing nondiscrimination.

It is Fred Meyer's goal to be the employer of choice in every community in which it operates. To achieve that end, management is committed to cultivating a diverse work environment where individual differences are appreciated and respected.

This policy applies to all terms and conditions of employment, including, but not limited to, hiring, placement, promotion, termination, layoff, recall, transfer, leave of absence, compensation, benefits, training and development.

Our policy is to promote from within whenever practical. This means offering you new opportunities to learn more about your job and advance in your career.

If you are interested in advancing in the Company or transferring to another location, discuss it with your supervisor and review the job posting (refer to page 16 for more information about job postings).

It is a good idea to discuss your career goals with your supervisor to determine how you can gain new skills to take on more responsibilities. You may also discuss your career goals with your Regional Human Resources Supervisor or Store Director.



Code of Ethics

Fred Meyer is committed to conducting business in keeping with the highest moral, ethical and legal standards. Only by conducting business in this way can Fred Meyer be successful in its dedication to serving Customers, employees, shareholders, and suppliers. Employees, independent contractors and others acting on behalf of Fred Meyer are expected to:

- exhibit a high degree of personal integrity, honesty and fairness at all times,
- act in the best interest of the Company at all times,
- speak of the Company with respect and loyalty and
- adhere to the standards set forth in this policy.

Although it would be impossible to cite every situation that might pose a question of ethical conduct, employees, independent contractors and others acting on behalf of Fred Meyer are expected to rely on their own good judgement. When a situation occurs where the proper course of action is unclear, discuss it with a supervisor.

Employees are expected to treat co-employees with fairness, dignity and respect. If an employee believes he or she or another employee has been the victim of harassment or discrimination, he or she should bring it to the attention of the immediate supervisor or to the Group Vice President of Human Resources. For more information, refer to corporate policies 4.2, *Sexual Harassment* and 4.4, *Complaint Resolution*.

Entertainment, Samples, Gifts and Gratuities

Employees must not accept or offer money, gifts, samples, entertainment, travel or other gratuity for the personal use of an employee or agent of another company in any attempt to obtain favorable business decisions. Unsolicited gifts and gratuities of nominal value may be accepted only if it will not influence the employee's ability to act with total objectivity.

Buyers working with consumable products (such as food, health and beauty aids and cosmetics) may accept product samples occasionally if the purpose is to familiarize themselves with the product. If a buyer accepts product samples, he or she must:

- accept samples in reasonable quantities (individual packages, not cases) and
- receive all samples at the office, never at home.

Occasional social contact with vendors (such as going to lunch or attending a local sporting event) is permitted.

Gifts that must be declined or turned over to the Company include:

- Money, gift certificates or other cash equivalents
- Repeated or significantly valuable gifts
- Gifts of free travel

Employees having doubts about gifts they have received should ask their immediate supervisors.

For more information, refer to corporate policy 4.5, *Confidential and Proprietary Information*.

Violations

If Fred Meyer management has a reasonable basis to believe an employee has violated this code of ethics, it will be met with disciplinary action, up to and including termination.

Questions

Employees finding themselves in situations where they are uncertain of the intent of this code, or how it applies to a specific situation, should ask their supervisor, the Group Vice President of Human Resources or the Chief Executive Officer for clarification.

Sexual Harassment

Fred Meyer believes that all employees should be able to work in an environment free from any type of discrimination, including sexual harassment. Both the Company and its managers are responsible for immediately investigating all complaints and taking appropriate disciplinary action when this type of misconduct is brought to their attention.

The law defines sexual harassment as unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual or otherwise offensive nature, especially when:

- submission to such conduct is made either explicitly or implicitly a term or condition of employment,
- submission to or rejection of such conduct is used as the basis for decisions affecting an individual's employment,
- such conduct has the purpose or effect of creating an intimidating, hostile, or offensive working environment,

and/or

- offensive comments, jokes, innuendos and other sexually oriented statements are made. Any conduct of this nature is specifically prohibited by Fred Meyer.

If you are being sexually harassed, immediately notify either your supervisor or Human Resources. For more information on Company policy, refer to the sexual harassment policy posted at your location.

Contributions and Endorsements

Contributions to, or endorsements of, charitable causes, political candidates or ballot measures in the name of Fred Meyer, Inc. or Fred Meyer Stores, Inc., must be approved in writing by either the Chief Executive Officer or the Senior Vice President of Corporate Relations.

Conflicts of Interest

The term "conflict of interest" describes any circumstance that could cast doubt on an employee's ability to act with total objectivity with regard to the Company's interest. Employees of Fred Meyer are expected to avoid any action or involvement with any outside organization that does business with Fred Meyer that would in any way compromise his or her actions on behalf of the Company. Further, employees are expected to be loyal to the interests of the Company and to render the best impartial judgement in all matters affecting the Company.

Employees must not use their position with the Company to enrich themselves, family or friends. In addition, employees must not solicit contributions from any outside organization that does business with Fred Meyer for either charitable or public organization causes. Other activities that could raise a question of conflict of interest include, but are not limited to, the following:

- Conducting business on behalf of Fred Meyer with a member of the employee's family or a business organization in which the employee or a member of his or her family has a significant association, which could give rise to a conflict of interest, without the written approval of the Chief Executive Officer.
- Serving in an advisory, consultative, technical or managerial capacity for any non-affiliated business organization which does significant business with or is a competitor of Fred Meyer without the written approval of the Chief Executive Officer.

Theft, fraud and embezzlement

Fred Meyer merchandise or property may not be destroyed or converted for personal use without proper authorization. Employees are prohibited from making false or misleading entries on any Company records or accounts and from pursuing private interests on Company time.

Confidentiality

Employees of Fred Meyer have an ethical duty not to disclose confidential and proprietary information acquired during the course of their employment. Further, employees have a responsibility to protect confidential relationships between Fred Meyer and its Customers, suppliers and shareholders. Employees must not:

- Use or divulge Company information in any manner detrimental to the Company
- Use Company information for the purpose of advancing any private interest or personal gain
- Release Company information that has not been made public to private individuals, organizations or government agencies unless authorized by the Corporate Council or Corporate Relations offices of Fred Meyer or requested by way of legal process.

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Alcohol and Drug Use

Fred Meyer is committed to providing an environment that encourages employees to develop their abilities, use their full potential and to share ideas to further the success of the business. Part of that commitment requires the Company to provide a safe, productive work environment free from the potential harmful effects of alcohol and drugs.

Employees using over-the-counter or prescription medications that contain warnings or precautions must inform their supervisors before their next shift so any safety issues can be addressed. In addition, if an employee suspects a visitor, vendor, Customer or independent contractor of being under the influence of alcohol or drugs on Fred Meyer premise, (s)he should contact security immediately.

As a condition of employment, the Company may require that an applicant tentatively selected for employment be required to submit to urinalysis to screen for illegal drug use prior to appointment or hire. In addition, such applicant will be notified that appointment to the position as a regular employee will be contingent upon a negative drug test.

In addition, Fred Meyer shall have the right at its discretion to require any employee involved in any of the following situations to submit him or herself to a urinalysis or other generally accepted test for drug controlled substance and/or alcohol use:

- Transferring from one section to another
- Department of Transportation (DOT) physical exams
- Acting in a manner that suggests drug and/or alcohol involvement or in cases when the employer has reasonable grounds to believe the employee is under the influence of alcohol or drugs
- Being involved in an on-the-job accident that results in time loss, personal injury, damage to Company property and/or involves a violation of a safety policy or procedure.

- Being in a position that requires substance abuse testing as part of a federal or state statute or regulation

In an effort to provide a safe and productive work environment and to reduce the possibility of loss caused by an unsafe act or condition, the following actions are prohibited and may be grounds for disciplinary action up to and including termination:

- The use, consumption, sale, transfer or possession of alcohol and/or drugs or controlled substances on any Company premises or work sites (including company vehicles).
- Being at work under the influence of alcohol and/or drugs or controlled substances. "Under the influence" is defined to include the smell of alcohol on his or her breath, being unable to perform work in a safe and productive manner, being in a physical or mental condition which creates a risk to the safety and well-being of the individual, other employees, the public, or Company property and/or having any detectable levels, in excess of a trace (specific levels available upon request) of alcohol and/or drugs or controlled substances in the body.

- Failing to notify the supervisor prior to beginning work that (s)he is on medication that may affect the work performance or the safety of the employee or others. Depending upon label warnings or cautions by a physician or pharmacists, the employee may be temporarily reassigned, put back to work or sent home.

- Refusing to submit to a search or inspection of his/her personal property located on Company premises, work sites or facilities, including but not limited to items of clothing, lockers, and vehicles in Company parking lots and/or refusing to submit to medical testing, including but not limited to giving urine specimens.

- Using the Company property or the employee's position within the Company to make, store, obtain or distribute alcohol or illegal drugs.

- Refusing to sign authorization forms giving the Company permission to conduct drug and alcohol tests and search personal property located on the Company premises, work sites or facilities.

Fred Meyer (the employer) shall bear all the costs and expenses of these tests and such tests shall be performed by a licensed lab using set standards and established procedures prescribed and approved by the employer prior to the initiation of the testing policy. All positive results will be confirmed by retesting the sample using the second methodology.

Any employee with a drug and/or alcohol problem is encouraged to notify his or her supervisor for confidential referral to the Employee Assistance Program. If otherwise qualified, employees will be given a leave of absence to treat the problem and will return to their former employment (to the same or similar position) without any loss of seniority or rate of pay. Costs for licensed rehabilitation programs will be a shared responsibility of Fred Meyer through its existing medical benefits packages (providing the employee qualifies for insurance coverage) and the employee.

Complaint Resolution

Misunderstandings or conflicts can arise in any organization. To ensure effective working relationships, it is important that such matters be resolved before serious problems develop. Most incidents resolve themselves naturally; however, should a situation persist that you believe is harmful to you or to Fred Meyer, you should follow the procedure described here to resolve your complaint.

To receive timely and fair consideration, it is important that all complaints be presented within 20 days from the date of the occurrence. If your complaint is not resolved to your satisfaction, proceed to the next step within 10 days of the resolution made in the previous step.



Store employees

Refer to the Dress and Appearance policy posted at your location. Remember that name badges must be worn by employees at all times. The badges identify employees by their first names.

Office and warehouse employees

Your choice of attire should be guided by common sense and good judgement. Appearance should be dictated by the type of work and the work setting. In all cases, you are asked to be as clean and neat as working conditions permit and to select clothing that is appropriate for the business environment. For specific dress requirements, refer to corporate policy 4.6, *Dress and Appearance*.

Smoking

Smoking is not permitted in any location, including stores, plants, offices, retail service centers and distributions centers, except in designated smoking areas. Employees working in a facility without a designated smoking area may smoke outside the building during scheduled breaks provided this does not bother or interfere with Customers, visitors or employees entering or exiting the facility.

Employees must extinguish and properly dispose of smoking materials and keep designated smoking areas and/or areas outside the building used for smoking clean and free of smoking debris.

The use of chewing tobacco is prohibited on the sales floor of all retail locations and work areas of all offices, warehouses, plants and service centers. Use of these products is restricted to designated rest areas, such as lunch/break rooms. To ensure the safety and cleanliness of the workplace, employees using these products are required to appropriately dispose of any residual waste.

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Step 1: Discuss the problem with your supervisor; the majority of concerns and problems can normally be resolved here. If, however, you don't believe a discussion with your supervisor is appropriate, proceed directly to step 2.

Step 2: If your problem is not resolved after discussing it with your supervisor or if you feel discussing the problem with your supervisor is inappropriate, request a meeting with your department manager (or Store Director). The manager will consider the facts, conduct an investigation and may also review the matter with a member of Human Resources. You will normally receive a response regarding your complaint within five working days.

Step 3: If you are not satisfied with your manager's decision and wish to pursue the complaint further, you may prepare a written summary of your concerns and request that the matter be reviewed by the Group Vice President of Human Resources. After a full examination of the facts, the Group Vice President of Human Resources will normally advise you of the decision within five working days. The decision of the Group Vice President of Human Resources will be final.

Fred Meyer does not tolerate any form of retaliation by supervisors against employees using this procedure. The procedure should not be construed, however, as preventing, limiting or delaying Fred Meyer from taking disciplinary action against any individual, up to and including termination, in circumstances where the Company considers disciplinary action appropriate.

Dress and Appearance

Fred Meyer is concerned with employees' personal appearance, both from the standpoint of public image and the standpoint of job safety and health. In addition, Fred Meyer recognizes the importance of employees' comfort when working. Therefore, Fred Meyer encourages employees to be well-groomed and professional in their appearance and offers employees two attire options: "Standard Attire" and "Casual Attire." Since appropriate attire is often subjective and a matter of individual taste, this policy provides guidelines for acceptable dress and appearance during working hours.

The following guidelines are very general. Some departments follow different dress guidelines due to the nature of the work. For more detailed information, ask your supervisor for the corporate dress and appearance policy.